Analysis of Civil Law Aspects in The Formation of Red and White Cooperatives in Indonesia

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Abstract

The Red and White Cooperative as a form of economic organization in Indonesia has an important role in improving the welfare of its members through the principles of mutual cooperation and togetherness. However, in its formation, this cooperative cannot be separated from the applicable legal rules, especially in the aspect of civil law that regulates the relationship between the cooperative and its members, as well as the internal relationship between the management and members of the cooperative. This research aims to analyze the civil law aspects in the process of forming the Merah Putih Cooperative in Indonesia, focusing on the regulations governing the establishment of cooperatives, the rights and obligations of members, and the legal responsibilities of cooperative management. The method used is normative legal research with a legislative approach and a conceptual approach. The results of the study show that the establishment of cooperatives in Indonesia must meet the requirements stipulated in Law Number 25 of 1992 concerning Cooperatives and other relevant regulations. In addition, the formation of the Red and White cooperative must pay attention to the agreement between the members and the management, which must be legally valid and binding. Cooperative administrators have great legal responsibilities in the management of cooperatives, including in terms of financial management and dispute resolution that may arise. This study concludes that the civil law aspect is very important in ensuring the formation of a legitimate cooperative and the rights of its members are protected, as well as creating transparency and accountability in the management of cooperatives. Therefore, the strengthening of regulations and legal awareness among cooperative administrators and members needs to be improved to create a more professional and sustainable cooperative.

Keywords: Aspects of Civil Law, Formation of Cooperatives, Red and White Cooperatives.

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Introduction

Cooperatives have a very strategic role in the Indonesian economy as one of the economic pillars regulated in the Constitution of the Republic of Indonesia 1945, which states that cooperatives are family-based business entities. Cooperatives are an important instrument in the development of the people's economy by providing access to the community, especially among the lower middle class, to improve the quality of life through the provision of affordable and quality goods and services. By Law Number 25 of 1992 concerning Cooperatives, cooperatives play a role in improving the welfare of members through economic principles based on togetherness, kinship, and mutual cooperation (Siahaan, 2010).

In this context, the Red and White Cooperative emerged as a type of cooperative that aims to maximize the economic potential of the community through the social values that are the basis for the establishment of the cooperative. The Merah Putih Cooperative focuses on the economic empowerment of its members, with cooperative principles that are in accordance with the social and economic characteristics of the Indonesian nation. However, in its formation, this cooperative must comply with the applicable legal provisions, especially in the aspect of civil law, which regulates the legal relationship between the cooperative, its members, and the cooperative management.

As stated in Law Number 25 of 1992, the establishment of cooperatives requires appropriate procedures, including a deed of establishment which must contain the articles of association of the cooperative, which includes the rights and obligations of members and management, and the management of cooperatives which must be carried out transparently and in accordance with the law. Cooperative management, as the party that leads and manages cooperative activities, also has a great legal responsibility, both to cooperative members and external parties (Yulianto, 2020). The formation of a legal cooperative in accordance with the provisions of the law is highly dependent on the proper understanding and application of the civil law aspects, especially related to the creation of binding agreements between the members of the cooperative and its management.

One of the main issues in the formation of the Merah Putih cooperative is the lack of understanding of most related parties, both management and members, regarding the importance of a valid legal agreement between them. In civil law, an agreement is the foundation of a legal relationship that binds the parties involved (Salim, 2015). Without a valid and transparent agreement, cooperatives can face serious legal problems, both in terms of the division of rights and obligations, profit management, and dispute resolution that occurs within the cooperative. This often leads to internal conflicts that can damage the sustainability of the cooperative.

In addition to the issue of agreements, the legal responsibility of cooperative administrators is also a challenge that is often faced in cooperative management. Cooperative management has a great responsibility in financial management, transparent decision-making, and supervision of cooperative activities so that there is no abuse of authority (Rasul, 2017). In many cases, the lack of clarity in the legal responsibilities of the management leads to conflicts between the management and the members of the cooperative. This is one of the reasons why cooperatives are often unable to achieve their goal of improving the welfare of their members, because their management is not in accordance with applicable legal principles.

The Red and White Cooperative, like other cooperatives, also faces problems in terms of weak legal oversight. Although Law Number 25 of 1992 regulates the obligation of administrators to carry out their duties properly, the reality is that many cooperatives do not have an adequate supervision system. This allows for abuse of authority or non-transparent financial management (Sutrisno, 2015). As a result, the rights of cooperative members are often neglected, and cooperatives are unable to achieve their goals of improving the social and economic well-being

of their members. In this context, it is important to discuss how the role of civil law can ensure that the rights of members are protected and that the management of cooperatives runs in accordance with the principles of sound and legitimate cooperatives.

In addition, dispute resolution in cooperatives is also one of the problems that must be faced. Disputes often occur between members and cooperative management, or between members of the cooperative itself. In this case, civil law provides a clear dispute resolution mechanism, both through the courts and alternative dispute resolution, such as mediation and arbitration (Taufik, 2019). This mechanism is very important to maintain the stability and sustainability of the cooperative. Therefore, this study will discuss the importance of civil law in resolving disputes that arise in Merah Putih cooperatives, as well as how the law can be used to regulate the relationship between parties involved in cooperatives.

The transformation of the digital economy and globalization also provide additional challenges for Merah Putih cooperatives. In the digital era, cooperatives are faced with rapid technological developments, which are changing the way they do business and interact with members and business partners. The Merah Putih Cooperative, like other cooperatives, must be able to adapt to these changes in order to remain relevant and sustainable. However, adaptation to these changes cannot be separated from legal problems, especially in the aspects of civil law that regulate electronic transactions and consumer protection in digital transactions (Rahardjo, 2019). In this case, the cooperative must have adequate internal regulations to regulate electronic transactions and dispute resolution mechanisms arising from such transactions.

The Importance of Civil Law Discussion in Cooperatives Civil Law has a very large role in the formation of cooperatives, because it regulates the legal basis for cooperatives to carry out their business activities. In this case, the formation of the Merah Putih cooperative must be carried out by paying attention to civil law aspects which include the rights and obligations of members, agreements made between management and members, and the regulation of cooperative management mechanisms that are legal according to the law. Thus, this research is expected to provide a deeper understanding of how Merah Putih cooperatives can be legally formed according to the law, as well as how civil law can be used to maintain the sustainability of cooperatives and protect the rights of its members.

Literature Review 2.1 Civil Law in Indonesia

Civil law in Indonesia is a branch of law that regulates legal relations between individuals and other individuals, as well as individuals with legal entities that are not related to criminal law. In the context of cooperatives, civil law regulates all matters related to the rights and obligations of members, management, and obligations of cooperatives as legal entities that carry out economic activities. Civil law regulates aspects of agreements (contracts) between cooperatives and their members, cooperative management, and settlement of disputes that may arise between members and cooperative management.

According to Salim (2015), civil law in Indonesia contains norms that regulate legal and binding civil agreements, which are the basis of the legal relationship between cooperative members and cooperative administrators. Therefore, the success of a cooperative is highly dependent on the creation and implementation of legal agreements, both in terms of profit sharing, the rights and obligations of members, and the financial management of the cooperative. Without a clear and valid agreement, cooperatives can face the risk of legal conflicts that can threaten their operational continuity.

2.2 Establishment of Cooperatives in Indonesia

According to Law Number 25 of 1992 concerning Cooperatives, a cooperative is a business entity consisting of members or a cooperative legal entity by basing its activities on the principles of cooperatives based on kinship. This law regulates the formation of

cooperatives, the rights and obligations of members, and the role of cooperative management. The formation of a cooperative must be carried out in accordance with the established procedures, which include the preparation of the deed of establishment of the cooperative, the cooperative's articles of association, and the division of rights and obligations between the management and members of the cooperative.

It is important to note that in the formation of a cooperative, the legal aspects that govern the management of the cooperative are also very vital. Cooperative administrators have a huge responsibility in managing cooperative finances, running operations, and ensuring that cooperatives run in accordance with the articles of association and applicable regulations. As explained by Siahaan (2010), cooperative administrators must act in good faith, be fully responsible, and be transparent in managing cooperatives. These obligations include financial management, preparation of annual reports, and supervision of cooperative assets.

2.3 Cooperative Principles

The principles of cooperatives regulated in the Indonesian Cooperative Law include the principles of kinship, justice, openness, and member participation in cooperative management. The principle of kinship reflects a harmonious relationship between members and cooperative management, where each member has a voice in decision-making, both in operational aspects and profit sharing. The principle of justice guarantees that each member has the same right to benefit from the cooperative's activities, according to their contribution to the cooperative.

In the context of the Red and White cooperative, these principles are particularly relevant, especially in terms of member economic empowerment and management transparency. The Red and White Cooperative is expected to leverage these cooperative principles to create an inclusive economic model, where each member benefits fairly from cooperative activities. This is in line with the goal of cooperatives in overcoming economic disparities in society and creating social welfare.

One of the most crucial aspects of the formation of a cooperative is the agreement made between the cooperative and its members. Treaty law is a branch of civil law that regulates the making, execution, and cancellation of agreements. In the context of cooperatives, the agreement in question can include agreements between members and management regarding capital contributions, distribution of business results, and obligations to actively participate in cooperative management. Rasul (2017) emphasized that a valid agreement in a cooperative must meet several important elements, such as an agreement between the two parties, the existence of a legitimate object, and not violating the applicable law. Without a clear and valid agreement, internal conflicts can occur, and can affect the stability of the cooperative itself. Therefore, it is important for the Red and White cooperative to draw up clear and detailed agreements, which can safeguard the rights of members and ensure the management of the cooperative runs well.

Cooperative administrators have a very large legal responsibility in managing cooperatives. The responsibilities of this management include financial management, strategic decision-making, and ensuring that the cooperative runs in accordance with the agreed goals and principles of the cooperative. Cooperative management must maintain the mandate given by members, as well as ensure transparency in cooperative management. In the event of negligence or abuse of authority, the cooperative management can be held accountable in accordance with applicable law.

Sutrisno (2015) stated that cooperative administrators must act in accordance with the principles of prudence and accountability in carrying out their duties. In this case, civil law provides a mechanism to prosecute the cooperative management in the event of negligence that harms members. Therefore, cooperatives must have a good supervision system to ensure that cooperative administrators carry out their duties transparently and accountably.

Conflicts and disputes between cooperative members and administrators often occur in cooperative practices. Dispute resolution is one of the things that must be regulated in

cooperative agreements, because without a clear mechanism, conflicts can damage harmony in cooperatives. In civil law, there are several mechanisms to resolve disputes, either through litigation (through court) or non-litigation (through mediation or arbitration).

According to Taufik (2019), dispute resolution in cooperatives must be carried out in a fair and transparent way, to maintain members' trust in the management. Dispute resolution through mediation or arbitration is a faster and more efficient alternative to litigation in court. In this case, the Merah Putih cooperative also needs to clearly regulate the dispute resolution mechanism in its articles of association, to ensure that any disputes that arise can be resolved properly and do not harm any party.

The formation of cooperatives, including the Red and White Cooperative, is inseparable from the legal challenges faced, both in terms of procedures, internal management, and dispute resolution. Rahardjo (2019) said that the main challenge in the formation of cooperatives is the lack of legal awareness among cooperative administrators and members. This has caused many cooperatives to not comply with the applicable legal provisions, especially in terms of drafting articles of association and making valid agreements.

However, behind these challenges, there is also a great opportunity to develop cooperatives as economic institutions that are more transparent and accountable, and highly competitive. Strengthening legal understanding, especially in terms of civil law, can help Merah Putih cooperatives to grow and develop better, provide greater benefits to members, and make a positive contribution to the Indonesian economy.

Research Methodology

This study uses a qualitative approach with the type of analytical descriptive research. The qualitative approach was chosen because this study aims to describe and understand in depth the phenomena related to the formation of the Merah Putih cooperative from the perspective of civil law, as well as to explore an understanding of the application of civil law in cooperative management. This research also aims to identify problems that exist in legal practice related to the formation of cooperatives and provide relevant solutions. An analytical descriptive approach is used to analyze legal phenomena that occur in the field. This study aims to provide a clear picture of how the procedure for forming a Merah Putih cooperative is carried out according to the applicable civil law in Indonesia and to analyze the implementation of civil law aspects in managing cooperatives.

This research is a normative research that is descriptive. Normative research focuses on the study of the laws and regulations governing the formation of cooperatives, the rights and obligations of members, and the responsibilities of cooperative management, especially in the context of applicable civil law in Indonesia. Thus, this research focuses on legal aspects sourced from various laws and regulations related to cooperatives in Indonesia.

In addition, this research is also descriptive, which aims to describe in detail and comprehensively the practice of forming Merah Putih cooperatives based on applicable civil law. This research will delve deeper into the rights and obligations of cooperative members, the role of management, and the procedure for forming cooperatives in accordance with existing provisions.

Results

Procedure for the Establishment of Merah Putih Cooperatives in the Perspective of Civil Law The establishment of cooperatives, including Red and White Cooperatives, in Indonesia is regulated by Law Number 25 of 1992 concerning Cooperatives which regulates the establishment, management, and obligations of cooperatives and cooperative members. The process of forming a cooperative begins with the preparation of the deed of establishment of the cooperative, which contains the cooperative's articles of association and includes the identity of the management and the goals of the cooperative. According to Article 6 of Law No. 25/1992, the deed of establishment must clearly state the name of the cooperative, the

purpose of establishment, and the authorized capital of the cooperative, as well as the rights and obligations of the members.

The cooperative's articles of association are the main basis that regulates the distribution of business results, members' obligations, and members' voting rights in making strategic decisions. The management of the Merah Putih cooperative, in accordance with the provisions of civil law, plays a role in ensuring that all agreements and contracts made with cooperative members have met the principles of justice, kinship, and transparency. Siahaan (2010) stated that in order to maintain the sustainability of cooperatives, it is important for each management to ensure that the agreements made between the management and cooperative members do not conflict with the applicable law and can be legally accounted for.

In addition, in making a valid agreement, the Merah Putih cooperative must ensure that the agreement between the members and the cooperative management follows the provisions of the Civil Code (KUHPerdata), especially regarding the agreement and proficiency of both parties in conducting transactions. The application of civil law principles in the formation of cooperatives ensures that all members have equal rights and are protected by law, creating a legitimate basis for cooperative operations.

One of the main pillars of a cooperative is a balanced relationship between the rights and obligations of members. Every member of the Merah Putih cooperative has the right to benefit from cooperative activities, for example the distribution of Residual Business Results (SHU) based on their participation in cooperative activities, as well as the right to participate in member meetings that function to make important decisions. Based on Article 20 of Law No. 25/1992, every member has the right to participate in decision-making and obtain information about cooperative activities.

On the other hand, cooperative members also have the obligation to include the agreed capital and actively participate in cooperative activities, both in terms of management and in attending member meetings. Salim (2015) stated that the civil relationship established in a cooperative is based on a binding agreement between members and management. Therefore, the obligations of cooperative members are not only limited to capital participation, but also to active participation in activities that support cooperative operations. If a member does not fulfill his or her obligations, this can be detrimental to the cooperative and other members, which in turn can lead to internal disputes.

In terms of members' rights, the Merah Putih cooperative must ensure that the decisions taken by the management do not harm the members and always reflect the principles of a fair cooperative. For example, in the distribution of SHUs, there should be transparency in the calculation and distribution of profits to members on a fair proportion, reflecting each member's contribution to the cooperative.

Cooperative administrators hold a big responsibility in running cooperatives, as they manage cooperative funds and assets that are common property. The management has an obligation to act in good faith and put the interests of the members first. The management of the Merah Putih cooperative must maintain transparency in financial management and make accurate financial reports and submit them to members to ensure that the cooperative runs well.

Article 56 of Law No. 25/1992 stipulates that cooperative administrators are responsible for the implementation of cooperative activities, both in terms of business management, decision-making, and financial reporting. Rasul (2017) stated that cooperative administrators also have legal responsibilities in the event of abuse of authority or management that is detrimental to cooperative members. In this case, civil law provides a strong basis for members to hold themselves accountable if the management does not fulfill their obligations or violates the provisions of applicable law.

The management of the Merah Putih cooperative must ensure that every policy taken not only benefits a few parties, but also considers the welfare of all members. One of the biggest challenges in cooperative management is maintaining a balance between efficient management and cooperative principles that prioritize social justice. Therefore, the management must have

adequate knowledge of civil law and the obligations attached to them in running the cooperative.

In cooperatives, disputes between members and management often occur, whether related to cooperative management, the division of SHUs, or decisions that are considered unfair by members. Effective dispute resolution is necessary to maintain the continuity of the cooperative and ensure that no party is harmed. Dispute resolution in cooperatives can be done through two channels, namely litigation (court) and non-litigation (mediation or arbitration).

Article 58 of Law No. 25/1992 stipulates that cooperatives must have a mechanism for resolving disputes that may arise between members and management. Mediation and arbitration are often the top options for resolving cooperative disputes, as both methods are more efficient and do not require significant costs. Taufik (2019) stated that mediation can help resolve disputes more peacefully and avoid a long and protracted judicial process. Dispute resolution through mediation allows the parties involved to reach a mutually beneficial agreement without having to involve the courts.

However, if the dispute cannot be resolved internally, the litigation route may be taken as a last resort. Dispute resolution through the courts can be a way to uphold the rights of members who have been violated by the cooperative management or other parties. This court process allows each party's legal rights to be legally protected and recognized.

The biggest challenge faced by the Merah Putih cooperative is the lack of understanding of the civil law aspect, both among the management and members of the cooperative. As revealed by Rahardjo (2019), many cooperatives are formed without thoroughly paying attention to existing legal provisions, especially in the preparation of articles of association and the making of legal agreements. This can cause problems in terms of management and supervision, as well as increase the potential for internal disputes.

In addition, weak supervision in cooperatives is also a challenge. Many cooperatives do not have an adequate supervision system for the management, so that the management can take actions that are detrimental to members. Therefore, Merah Putih cooperatives must strengthen the internal supervision system to ensure transparency and accountability in cooperative management.

However, behind these challenges, there is a great opportunity for Red and White cooperatives to thrive, especially in the digital era that allows cooperatives to access a wider market and improve operational efficiency. The use of information technology in cooperative management can increase transparency and make it easier for members to access information about cooperatives. Merah Putih cooperatives that are able to adopt technology will have a greater competitive advantage in an increasingly open market.

The establishment and management of the Merah Putih Cooperative must pay attention to the civil law aspect to ensure that the cooperative operates in accordance with the principles of a legitimate and fair cooperative. The rights and obligations of members, the responsibilities of management, and dispute resolution must be clearly and transparently regulated to prevent conflicts and maintain the sustainability of the cooperative. Cooperative administrators must carry out their duties with full responsibility and ensure that cooperatives operate in accordance with applicable laws. In addition, the Merah Putih cooperative must overcome existing legal challenges by strengthening supervision and increasing legal understanding among the management and members, so that the cooperative can develop and provide maximum benefits for its members.

Conclusion

Procedure for the Establishment of a Red and White Cooperative: The establishment of a Red and White cooperative must be carried out in accordance with the provisions of Law

Number 25 of 1992 concerning Cooperatives which regulates the establishment, purpose of cooperatives, and management of cooperatives. The Merah Putih Cooperative must have a valid deed of incorporation, include a clear articles of association regarding the rights and obligations of members, as well as transparent and accountable cooperative governance. Civil law, especially those that regulate agreements, plays a very important role in ensuring that the formation of this cooperative is carried out legally and does not contradict the applicable law. Rights and Obligations of Members: Members of the Merah Putih cooperative have the right to benefit from the cooperative's business results, such as the Residual Business Results (SHU), and participate in cooperative decision-making through the member meeting mechanism. In addition, cooperative members also have the obligation to include capital in accordance with the agreement and actively participate in cooperative activities. In this case, civil law regulates the relationship between members and cooperatives through binding agreements, which guarantee the rights and obligations of both parties. Legal Responsibilities of Cooperative Management: Merah Putih cooperative management has great responsibilities in the management of cooperatives, including financial management, decision-making, and maintaining transparency and accountability. Article 56 of Law No. 25/1992 stipulates that the management is responsible for the activities of the cooperative, and the civil law provides a basis for members to hold the management accountable in the event of negligence or abuse of authority. Cooperative management must ensure that the cooperative is managed properly and in accordance with the cooperative's goals that prioritize the welfare of members.

Overall, civil law plays an important role in the formation and management of the Merah Putih cooperative. Clear and transparent aspects of civil law can help the Merah Putih cooperative in creating a healthy relationship between the management and members, as well as in ensuring that the cooperative is managed properly and in accordance with cooperative principles based on the principles of kinship and social justice. By implementing the proper aspects of civil law, Merah Putih cooperatives can create organizations that not only benefit members, but also contribute to a more inclusive and sustainable economy in Indonesia.

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